

Wastewater Rates

Citizen Rate Review Committee Meeting

November 19, 2015

Agenda

- Background
- System Revenues and Requirements
- Preliminary Findings

Recent Rate History

- July 1, 2011 – 16.9%
- July 1, 2012 – 16.9%
- January 1, 2013 – 0.00%
- January 1, 2014 – 3.00%
- January 1, 2015 – 5.75%
- January 1, 2016 – 5.75%

*Large capital plan on the horizon;
assumed funding from revenue bonds*

*City secures Clean Water loans for large
portion of capital plan; large increases for water*

*City proceeds with \$26 million Wastewater
Treatment Plant expansion and other
capital projects*

Prior Rate Review:

- *Projected increases of 5.75% for remaining plan*

Current Rates

	2014/15	2015/16
Service Charge (\$/Month)	\$19.43	\$20.66
Multifamily Unit Charge	\$17.13	\$18.24
Volume Charge (\$/ccf)		
Single Family	\$7.77	\$8.19
Multifamily	\$7.77	\$8.19
Commercial - 1	\$7.77	\$8.19
Commercial - 2	\$9.50	\$10.02
Commercial - 3	\$15.50	\$16.37
Industrial	\$9.50	\$10.02
Outside City	\$7.77	\$8.19
Average Residential Bill	\$62.46	\$66.05

Ccf = hundred cubic feet (748 gallons)

Projected 5-Year Capital Improvement Plan (CIP)

	2015/16	2016/17	2017/18	2018/19	2019/20
Total CIP (\$2015)	\$2,085,625	\$3,600,000	\$3,205,000	\$1,567,500	\$1,600,000
Inflation-Adjusted *	\$2,085,625	\$3,708,000	\$3,400,185	\$1,712,849	\$1,800,814
By Funding Source					
Rates	\$1,538,625	\$3,275,400	\$3,140,265	\$1,398,690	\$562,754
SDC	\$547,000	\$432,600	\$259,921	\$314,159	\$1,238,060
Total Inflation Adjusted	\$2,085,625	\$3,708,000	\$3,400,185	\$1,712,849	\$1,800,814
<i>*Reflects 3% capital inflation</i>					

See Table 1 for more detail

Capital Funding (Total)

		Total
Existing Reserves		\$7,219,416
Current Rates		\$11,850,581
SDCs		\$6,643,086
Total Sources		\$25,713,083
Inflation-Adjusted CIP		\$23,195,956
Ending Reserves*		\$2,517,127
Total Uses		\$25,713,083
*CIP improvements beyone 2023 exceed \$18 million		

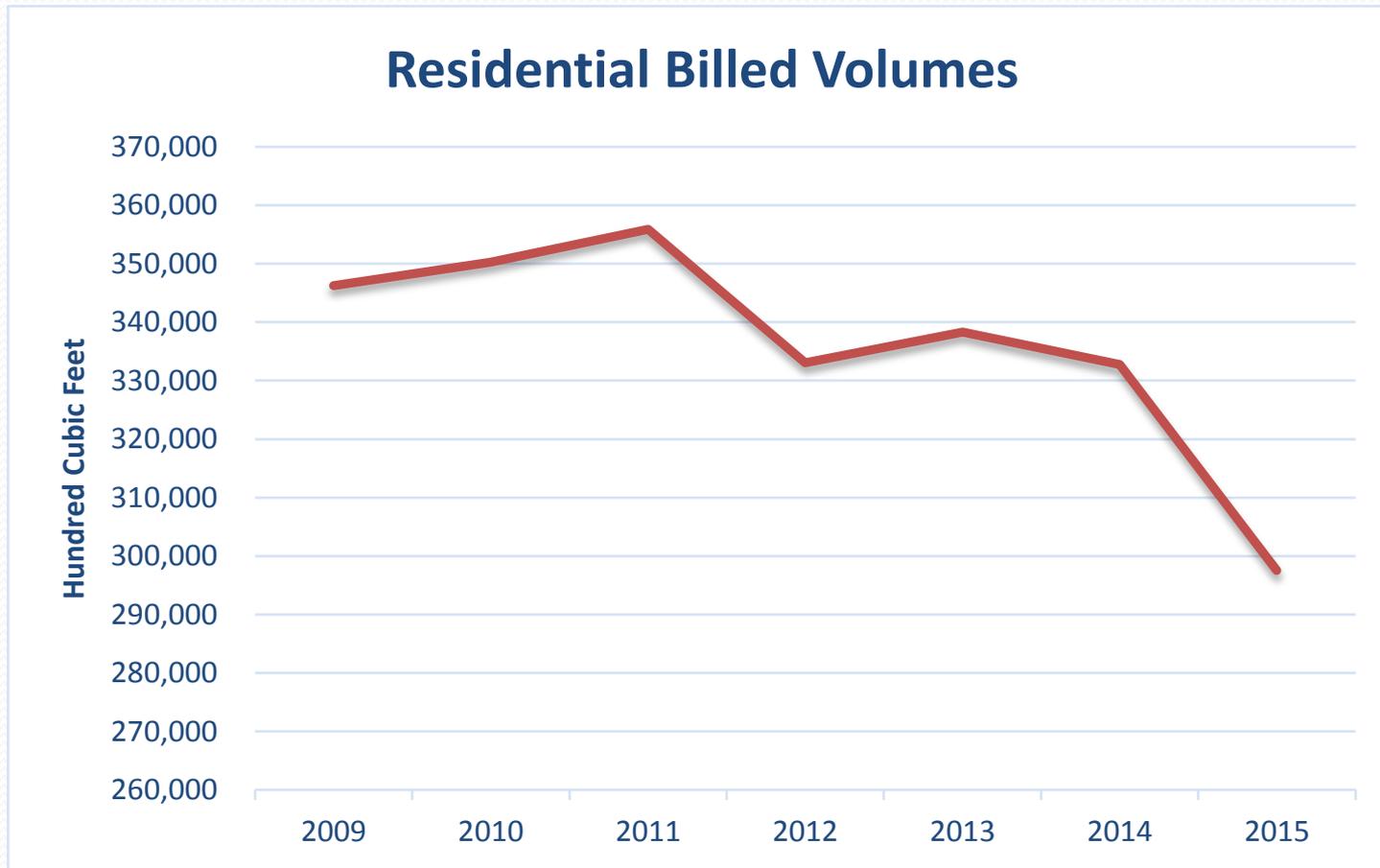
Projected Operation & Maintenance (O&M) Costs

	Fiscal Year		
	2015/16	2016/17	2017/18
Personnel Services			
Salaries	\$1,073,206	\$1,116,134	\$1,160,780
Benefits	\$743,667	\$773,414	\$804,350
Materials & Services	\$413,789	\$416,750	\$428,128
Utilities & Fuel	\$367,525	\$378,916	\$390,663
Contractual Services	\$115,400	\$91,824	\$93,979
Rehab & Replacement	\$284,750	\$284,750	\$284,750
Repair & Maintenance	\$333,000	\$333,015	\$333,030
Internal Svc. Charges	\$611,955	\$636,433	\$661,891
Franchise Fee	\$320,000	\$354,655	\$377,635
Vehicle/Computer Replacement	\$148,709	\$191,319	\$191,319
Internal Svc. Charge - COP	\$55,779	\$55,779	\$55,779
Loan Fees	\$127,200	\$121,979	\$116,621
Capital Outlay	\$50,000	\$100,000	\$5,500
Total	\$4,644,980	\$4,854,968	\$4,904,426
Adjusted for 98% Budget Spent	\$4,552,080	\$4,757,868	\$4,806,337
2014 Rate Cycle Projections	4,518,958	4,750,343	4,996,227

Revenue Requirements from Rates

Item	2015/16	2016/17	2017/18	2018/19	2019/20
Revenue Requirements:					
O&M Costs	\$4,552,080	\$4,757,868	\$4,806,337	\$4,951,641	\$5,105,023
Transfers -- Debt Service	\$1,692,815	\$2,408,825	\$2,397,479	\$2,390,595	\$1,938,878
Transfers -- Capital Projects	\$1,627,500	\$3,275,400	\$3,140,264	\$1,398,691	\$562,754
Total Revenue Requirements	\$7,872,395	\$10,442,093	\$10,344,080	\$8,740,926	\$7,606,655
Less:					
Uses of (Additions to) Reserves	\$997,920	\$3,097,906	\$2,548,736	\$460,593	(\$1,195,990)
Nonrate Revenues	\$187,000	\$251,096	\$242,639	\$238,232	\$239,436
Revenue Requirements from Rates	\$6,687,475	\$7,093,091	\$7,552,705	\$8,042,101	\$8,563,209
Projected Sales Revenue	\$6,687,476	\$7,093,090	\$7,552,705	\$8,042,101	\$8,563,209
<i>Projected Rate Increase</i>		5.95%	5.95%	5.95%	5.95%
<i>Prior (2014) Rate Cycle Projections</i>	\$7,165,931	\$7,615,862	\$8,094,042	\$8,602,247	\$9,142,361
<i>Projected Rate Increase</i>		5.75%	5.75%	5.75%	5.75%

Billed Wastewater Volumes



Key Financial Plan Assumptions

- Customer growth average 0.5% annually
- Stable billed water volumes
- Operating cost escalation
 - Personnel = 4%
 - No additional staff within planning window
 - Materials & Services = 3%
- Percent of budget spent = 98%
- No additional debt funding

Next Steps

- Address CRRC information needs
- Refine projections
- Evaluate rate structure (fixed vs. volume rates)
- Develop preliminary recommendations

Discussion